

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLEFriday 6 October 1978 CG NIDC 78/234

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed



DIA review(s) completed.

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LATE ITEM

LEBANON: Situation Report

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[redacted] Israel's action last night in directing naval gunfire into West Beirut was almost certainly intended to warn Syria of Tel Aviv's increasing concern about Syrian bombardment of Christian areas of the Lebanese capital. The Israeli action threatens to widen the conflict in Lebanon and will heighten Syrian suspicions that Israel is bent on keeping the Lebanese fighting going. Shelling continued in Beirut yesterday and is steadily spreading into the neighboring Christian Maronite heartland. Almost a week of heavy fighting has resulted in numerous casualties and has destroyed large portions of Christian-controlled East Beirut. Lebanese President Sarkis is reluctant to make firm plans to deploy the Lebanese Army in Beirut until he has consulted Syrian officials.

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[redacted] The Israeli patrol boats apparently drew return fire from Palestinian and Syrian shore batteries, but suffered no casualties. Israeli spokesmen claimed that the naval gunfire was directed at a Fatah installation in an effort to thwart a planned guerrilla operation and in return for the abortive Palestinian attempt to attack the Israeli port of Eilat a few days ago.

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[redacted] Despite these statements, the Israeli shelling is most likely related to the fighting in Beirut. Israel apparently intended to demonstrate that it still supports the Maronites and will not allow them to be crushed by Syria. The Israelis probably believe they have shown restraint by using naval gunfire instead of airstrikes.

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[redacted] The Israeli shelling will place pressure on the Palestinians and Muslim leftists in Lebanon to join with the Syrians in fighting the Maronites--thus rekindling the Lebanese civil war. The leftists and the Palestinians have so far made a deliberate effort to stay out of the current round of fighting.

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[redacted] There has been no comment thus far on the Israeli attack from Syrian President Assad, who is visiting Moscow, probably to obtain support for Syria's position in Lebanon. The Syrians were unhappy with the limited response Foreign Minister Khaddam obtained last month from the Soviets on this score. The Israeli action undoubtedly will enable Assad to underscore the

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need for a speedup in Soviet arms deliveries to Syria and for a clear Soviet commitment to aid Syria in case of an Israeli attack on Syrian territory.

25X1 [redacted] Moscow Radio's first reports on the talks between Assad and President Brezhnev yesterday indicated that both sides reiterated opposition to the Camp David accords. In his speech last night at the dinner honoring Assad, which was given before the Israeli shelling, Brezhnev once more proclaimed the Soviets' interest in a comprehensive settlement for the Middle East.

25X1 [redacted] We have no other indications that the Israelis are planning further military action. Syrian military activity appears normal.

25X1 [redacted] 25X1 [redacted] The US defense attache in Damascus observed several ammunition trucks on their way to Beirut yesterday but saw no signs of Syrian preparations to send reinforcements or new equipment into Lebanon.

25X1 [redacted] While Syrian shelling has slowly spread north from Beirut over the last week, little ground has changed hands thus far. The major ground action has been the militias' attempt to take the Qarantina bridge, on the main route from East Beirut to the Christian heartland. After a three-day battle, the militias apparently halted attacks on the bridge yesterday afternoon.

25X1 [redacted] The Maronites have threatened to shell Syrian territory if Syrian attacks on Beirut continue, but such actions would be unlikely to cause much damage.

25X1 [redacted] Major Haddad, the nominal Christian militia commander in southern Lebanon, on Wednesday threatened to shell leftist and UN forces in his area within 24 hours unless the killing of Christians in Beirut ended. The Israelis will probably try to restrain Haddad; they are able to influence him but cannot always control his every move.

25X1 [redacted] The Lebanese have probably suffered between 700 and 1,000 casualties this week. Syrian casualties are unknown but probably are also heavy. Much of Beirut's Christian population had already fled the city before this round of fighting began. The destruction in Beirut will prevent many from returning any

[redacted]

time soon, even if a cease-fire is reached, and they may face major problems in acquiring food and shelter in the countryside this winter.

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[redacted] President Sarkis yesterday told the US Charge that it is essential that he meet with the Syrians before implementing a plan to separate the warring forces by deploying units of the Lebanese Army in Beirut. He believes the plan is hopeless without prior approval from Assad. Sarkis emphasized that the French initiative on this issue is not a new proposal but is supportive of his own plan announced on Monday.

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[redacted] At a cabinet meeting Wednesday, some ministers reportedly objected to the insertion of the Maronite-dominated Army between the militias and the Syrians because this would antagonize the Muslims and might also result in clashes between the militias and the Army. Lebanese Muslims have criticized the proposed use of the Lebanese Army in Beirut. [redacted]

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National Intelligence Daily Cable for Friday, 6 October 1978.

[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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EGYPT: New Cabinet Sworn In

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[redacted] The cabinet of Egypt's new Prime Minister, Mustafa Khalil, is drawn from the same generation and background as other recent cabinets, despite President Sadat's promise of a "generational change." Its composition portends no policy changes in Egypt's approach to peace, the economy, or political liberalization.

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[redacted] There are 21 new faces out of 31 ministers. Like most of their predecessors, however, they have technical backgrounds, are conservative and pro-Western in outlook, and are over 50 years old. In addition to the premiership, the most important changes were in the offices of defense, finance, and housing.

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[redacted] Sadat has directed Khalil to assign top priority to food production, improved public services, and reorganization of the bureaucracy. Sadat made similar exhortations in May, the last time Egypt's cabinet was shuffled.

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[redacted] Prime Minister Khalil appears to be a more able politician and administrator than his predecessor. The US Embassy describes Khalil, an economist and engineer, as widely respected in Egypt for his competence, moderation, and ability to analyze problems objectively. He has been friendly toward US diplomats.

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IRAN: Student Violence Ahead

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[redacted] When the fall term opens in Iran tomorrow, university campuses may be the scene of the first round of serious civil disturbances since the Shah imposed martial law in 12 cities a month ago. Student activists are likely to resume their effort to fuel religious and political opposition to the Shah; the student agitation was curtailed when classes ended last June. University officials foresee an academic year of serious unrest.

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[redacted] Fundamentalist Muslim students are likely to be in the forefront of campus disorders, with radical student demonstrators adding to the problems of security authorities. Disturbances staged last October at Tehran University by conservative students provided the first indication that fundamentalist Muslim enmity for the Shah's modernization programs might develop



into a serious problem of civil unrest. The Shah apparently failed to recognize that the disturbances signaled the strength of religious opposition to his rule, which had been dormant since the mid-1960s.

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[redacted] University cities--Mashhad, Tabriz, Esfahan, and Shiraz--now under martial law have been centers where religious unrest has been a problem for security forces over the past nine months. Dissident students may believe that the government's commitment to political liberalization will make martial law authorities reluctant to send troops on campus to quell disorders. The Shah, however, is unlikely to let student agitation on campus get out of hand.

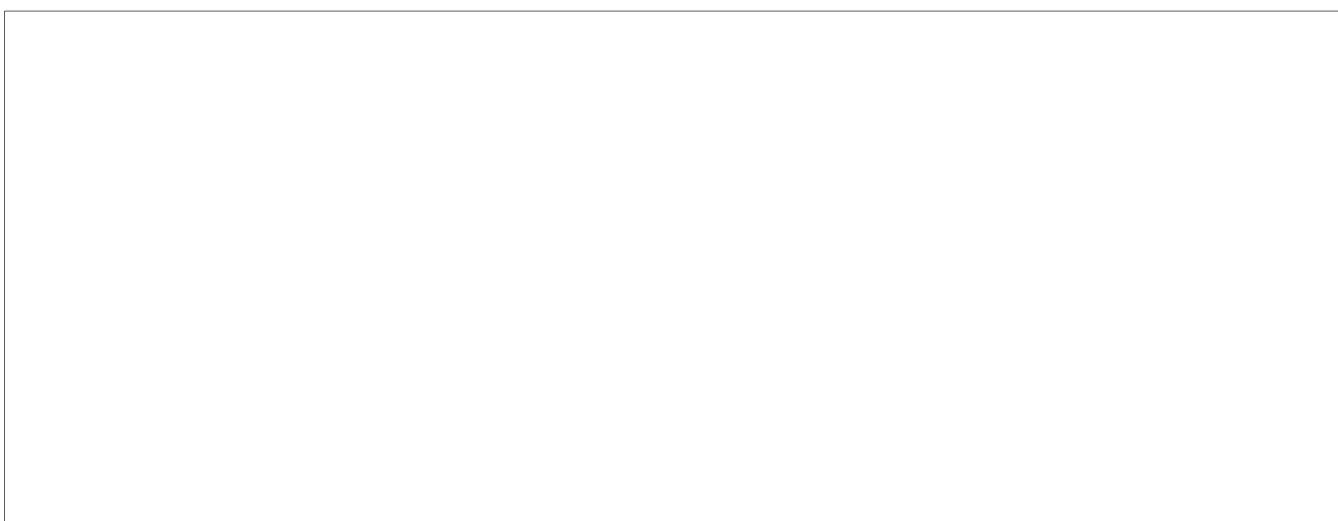
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[redacted] Muslim student activists, in addition to joining in any off-campus demonstrations that are held in defiance of martial law, are likely to stage incidents of their own. During the disturbances at Tehran University last fall, student agitators called for a return to the orthodox Muslim practice of segregating women on campus. To make their point, they harassed coeds and destroyed school property.

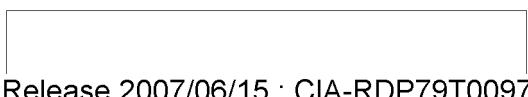
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[redacted] The opening of universities is only one of several potential flash points in the next few weeks. The 40th day commemoration of more than 100 demonstrators who died in Tehran comes on 17 October, the birthday of the Shah on 26 October, and that of the Crown Prince on the 30th. These dates could be occasions for the expression of violent dissent against the Shah's rule. [redacted]

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SWEDEN: Government Resignation

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[redacted] The three-party coalition of Prime Minister Falldin resigned yesterday after the parties were unable to reach a compromise on the future of two nuclear power reactors. Falldin's coalition partners will probably try to form a minority government.

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[redacted] A compromise reached last weekend began to break down when the Energy Minister, a member of Falldin's Center Party, demanded that more rigid safety conditions be imposed before the government gives permission for starting the nuclear reactors. Falldin refused to support the Energy Minister but subsequently demanded that his coalition partners oppose funding for another nuclear reactor. The other coalition members, the Liberals and Moderates, refused to go along with Falldin.

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[redacted] The Moderates and Liberals now probably will try to form a minority government. They will need the tacit support of the Center Party or possibly the opposition Social Democrats. The non-Socialist parties, which came to power in 1976 after 44 years of Social Democratic rule, are likely initially to try to govern without Social Democratic support.

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[redacted] Olof Palme's Social Democrats have shown increasing strength in opinion polls this year and would probably be returned to power in an early election. Sweden, however, traditionally does not call early elections. The next scheduled election will be in September 1979. [redacted]

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BRIEF

India

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Former Prime Minister Indira Gandhi's decision to seek election to a vacant parliamentary seat on 5 November is further evidence of her intention to remain a key national political figure, most probably with aspirations eventually to replace Prime Minister Desai.

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Gandhi will contest a seat in the southern state of Karnataka--one of the two states controlled by her branch of the divided Congress Party. In her campaign, Gandhi will try to capitalize on the ruling Janata Party's faltering image and the absence of significant accomplishments during its 18 months in office.

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Despite her continued popularity at the grass-roots level, Gandhi's political future could be adversely affected by the outcome of the official investigation of alleged illegalities during her administration. Her decision to run again for office probably will heighten pressure on Desai from his colleagues to hasten the legal process, which has been under way for more than a year and could result in Gandhi's disenfranchisement or other restrictions on her activities.

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